

Message Text

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PAGE 01 QUITO 05052 121433Z

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 /018 W
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R 121341Z JUL 75
FM AMEMBASSY QUITO
TO SECSTATE WASHDC 6309
INFO USDOC WASHDC
AMCONSUL GUAYAQUIL

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E.O. 11652: N/A

TAGS: BEXP, EC

SUBJ: PROJECT OPPORTUNITY: VISIT OF IVOR B. CLARK REP RE
ROAD CONSTRUCTION EQUIPMENT PURCHASE

REF: STATE 091317

1. EMBASSY HAS NOT REPLIED SOONER DUE TO INEFFECTIVENESS OF STARK VISIT, FOR REASONS DESCRIBED BELOW, AND BECAUSE IVOR CLAR INTEREST WAS ON-GOING. LATEST INFORMATION, HOWEVER, TENDS TO CONFIRM THAT COMPANY IS OUT OF THE RUNNING.

2. MR. STARK ARRIVED ON SCHEDULE IN APRIL, MADE COURTESY CALL AT EMBASSY, AND RECEIVED BRIEFING ON PROJECT STATUS. ACCORDING TO STARK, HE HAD CONFIRMATION FROM PUBLIC WORKS MINISTER (GEN) RAUL PUMA THAT LATTER WAS WILLING TO DISCUSS FINANCING. HOWEVER, FOR REASONS STILL UNCLEAR, STARK DID NOT SUCCEED IN MAKING APPOINTMENT WITH MINISTER, AND DEPARTED QUITO FOLLOWING DAY TO PURSUE OTHER BUSINESS IN PERU. STARK HAD NO OPPORTUNITY TO SPEAK TO ANYONE IN MINISTRY REGARDING HIS OFFER.

3. STARK VISIT WAS FOLLOWED ON MAY 22 BY THAT OF THOMAS POLK, RETIRED U.S. NAVY CAPTAIN AND REPRESENTATIVE OF IVOR B. CLARK. POLK, THROUGH OWN CONTACTS AMONG MILITARY IN QUITO, WAS UP-TO-DATE ON LATEST DEVELOPMENTS. HE ADVISED EMBOFFS THAT IVOR B. CLARK OFFER, AT INTEREST RATE OF ONE PERCENT OVER THE LONDON INTERBANK RATE, WAS BASICALLY GOOD PROPOSAL; HOWEVER, IT HAD BEEN REJECTED

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BY MINISTRY BECAUSE SYNDICATION FEE OF ONE-AND-A-HALF PERCENT

WHICH IVOR CLARK DEMANDED MADE BLENDED RATE UNACCEPTABLE.
POLK WAS HOPEFUL THAT PROPOSAL MIGHT STILL BE CHANGED SO AS TO
BE ACCEPTABLE.

4. AS DEPARTMENT UNDOUBTEDLY AWARE FROM OTHER RECENT REPORTING,
MINISTRY DECIDED TO REDUCE EQUIPMENT PURCHASES FROM US\$60 TO
30 MILLION, AND REQUESTED THAT ABOUT TEN (10) BANKS AND FINANCIAL
INSTITUTIONS RE-SUBMIT NEW PROPOSALS ON THAT BASIS. WE NOW
UNDERSTAND FROM LOCAL WELL-CONNECTED U.S. CITIZEN THAT MINISTRY
RECENTLY ACCEPTED FINANCING OFFER FROM CONSORTIUM OF UNNAMED
LONDON BANKS. TO OUR KNOWLEDGE, LOAN IS NOT RPT NOT EXPORT-TIED.

5. IN REGARD TO EQUIPMENT PURCHASE PER SE, THERE CONTINUES TO
BE FLURRY OF ACTIVITY BY LOCAL DEALERS AS JULY 23 DEADLINE
APPROACHES FOR SUBMISSION BIDS. BOTH FORD AND GM REPS HAVE
VISITED EMBASSY WITHIN PAST WEEK FOR ASSISTANCE, BOTH INTEND TO
FILE BIDS FOR HEAVY-DUTY DUMPTRUCK GROUP, VALUED AT ABOUT
US\$9 MILLION. HINO OF JAPAN WILL BE STRONGEST COMPETITOR FOR
THIS GROUP ON BASIS OF BOTH PRICE AND SPECIFICATIONS.
BREWSTER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 12 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MartinML
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975QUITO05052
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750241-0968
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750761/aaaacbzb.tel
Line Count: 81
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 91317
Review Action: RELEASED, APPROVED
Review Authority: MartinML
Review Comment: n/a
Review Content Flags:
Review Date: 24 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 JUN 2003 by BoyleJA>; APPROVED <05 NOV 2003 by MartinML>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PROJECT OPPORTUNITY: VISIT OF IVOR B. CLARK REP RE ROAD CONSTRUCTION EQUIPMENT PURHCASE
TAGS: BEXP, EC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006